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C O N F I D E N T I A L SECTION 01 OF 03 KYIV 003154

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SUBJECT: UKRAINE: BOHATYREVA APPOINTMENT MUDDIES REGIONS
ROLE IN OPPOSITION

Classified By: Acting Political Counselor Robert Scott for reasons 1.4(b,d).

¶1. (C) Summary. With Regions finally settling into its role as the opposition, and both Prime Minister Tymoshenko and Regions leader Yanukovych making efforts to be constructive, President Yushchenko's decision to name deputy leader of Party of Regions Raisa Bohatyreva Secretary of the National Security and Defense Council (NSDC) has unsettled all sides once again. Many in Regions vocally opposed Bohatyreva taking the job, although they have not yet expelled her from the party. The move also elicited sharp reactions from some in BYuT and the President's own OU-PSD. Meanwhile, Tymoshenko and Regions leader Yanukovych met December 25 to discuss ways to enhance the opposition's oversight powers -- including cooperation on the law on the opposition. Regions also finally unblocked the committee formation process, allowing 401 MPs to approve the assignments, and is moving forward with its shadow Cabinet designed to give Regions an outlet to criticize the Tymoshenko government and propose alternative policies.

¶2. (C) Comment. There appear to be several reasons why Yushchenko brought Bohatyreva to the NSDC, but they primarily center on keeping both Tymoshenko and Yanukovych off balance.

Bohatyreva may be there, in part, as a counterbalance to Tymoshenko, someone who will use her political position to try to constrain the PM; a role most people also see Defense Minister Yekhanurov filling. It also seems likely that Bohatyreva would not have been offered or accepted such a position, unless there were some sort of agreement with the leaders of her wing of Regions, Rinat Akhmetov and Borys Kolesnikov. Bringing someone from Regions into the government constrains the more radical wing of Regions to some degree from being in strident opposition -- this is probably one reason Yanukovych and others have so harshly criticized her decision to take the job. If Akhmetov and the President's team are still hoping for a broad coalition down the road, this could be a first step. Bohatyreva also seems to have served the purpose, perhaps accidentally, of setting off another round of speculation in the press that there is a growing split in Regions, although all sides have denied it. Bohatyreva, as a member of Regions, also gives Yushchenko some credibility to say that he is reaching out to Eastern Ukraine by bringing its representatives into the government. Ironically, if Bohatyreva is forced to leave Regions in the end -- although for the moment she appears safe -- she will lose most of her value for Yushchenko and could be cut loose.

If she stays in Regions and at the NSDC, it would be a testament to Akhmetov's relative strength within the party and his ability to shield her from the Yanukovych wing. Whether this new relationship between part of Regions and the President further encourages Regions to be a moderate, constructive opposition or walks back some of the progress Yanukovych and Tymoshenko made this week remains to be seen. End summary and comment.

Bohatyрева's Surprise Appointment

¶13. (SBU) President Yushchenko unexpectedly announced December 24 that he had signed a decree naming Regions deputy faction head Raisa Bohatyрева NSDC Secretary. For the following two days, Regions members criticized the move and others discussed it, but it was not clear if Bohatyрева had accepted. Finally, Yushchenko formally introduced her at the December 26 Cabinet of Ministers meeting.

¶14. (SBU) Views within Regions about the appointment are mixed, although all deny that this is a sign of a growing split within the party. Regions MP Chechetov said that the party does not approve, but it was a personal decision for Bohatyрева, and he said they wished her luck with her new job. Yanukovych told the press December 25 that the Regions' political council had instructed Bohatyрева to decline the appointment. He also claimed the appointment was made without Bohatyрева's consent. Regions MPs Khara and Tolstukhov said she should leave the party. In contrast, Regions deputy faction head Hanna Herman said it was an attempt by the President to reach out to Eastern Ukraine. She also said that Regions knew about the appointment before it was announced. On December 26, deputy faction head Serhiy Lyovochkin announced that the party's political council had met and decided that Regions will not sanction Bohatyрева. He said that they had expressed their views, but would not do anything further. On December 26 Bohatyрева told the press that she met twice with Yushchenko before he made the appointment. She added that she is confident that she will not be expelled from the party, although she has not seen Yanukovych since accepting the job.

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¶15. (C) Interestingly, the newspaper *Sevodnya*, which belongs to Akhmetov, cited a source saying that Yanukovych was very angry at Bohatyрева, but that she had decided to accept the position. The source added that there was no split in the party and that, rumors to the contrary, neither Akhmetov nor Kolesnikov had plans to leave the party. Kolesnikov's public comments have been fairly neutral, saying that the party neither supports nor opposes Bohatyрева's decision to accept the position. He added that she will face some conflicts of interest, giving the example that Regions will remain opposed to NATO membership, but the NSDC will presumably work towards membership. Kolesnikov also stressed that he and Akhmetov will remain in Regions.

¶16. (C) Members of Regions were not the only ones surprised by the appointment. Although Tymoshenko was careful and diplomatic in her public response to the nomination, BYuT deputy faction head Yevhen Kornichuk told the press that BYuT was surprised by the appointment and that it was probably "done to spite Tymoshenko, as a balance to her activities as the prime minister." OU-PSD deputy faction leader Tarasyuk held a press conference to strongly criticize Yushchenko and his team for making such a nomination for personal reasons and without consulting their own party first.

¶17. (C) Privately, Presidential Secretariat (PS) Head Baloha told Ambassador December 26 that the President wants to unite the country, which is why he reached out to Bohatyрева to run the NSDC. Some in OU (Tarasyuk) and some in Regions (Yanukovych) don't like, Baloha said, but they were not trying to split Regions. In fact, he argued, they want a strong Regions. Deputy PS Head Chaliy and Rada Speaker Yatsenyuk also tried to play the Bohatyрева appointment as a sign of the President's desire to unite all political forces. However, political analysts and members of OU-PSD, BYuT, and former Rada Speaker Moroz have all commented that this was done intentionally to split Regions, so that cooperation can be increased with the more progressive wing of the faction.

Defining the Opposition's Role

¶ 18. (SBU) Tymoshenko and Yanukovych met December 25 in a well publicized meeting and discussed ways to strengthen the opposition and to cooperate. They agreed to form a working group to improve the law on opposition. (Note. They did not say whether they will use the draft law approved in the first reading in January 2007, which envisioned wide-ranging powers for the opposition.) Olena Lukash will lead Regions' team in the working group. Tymoshenko also offered to let the opposition decide the Rada's agenda once a month and to give it the right to report jointly with the government on important issues such as the budget -- both ideas are also in the January 2007 draft opposition law. Tymoshenko also suggested that they adopt a law on temporary investigative commissions and amend the law on the Accounting Chamber (like GAO) to allow the opposition to run it and to empower the Chamber with the right to take violating officials to court rather than simply presenting information to the Rada; both proposals would be mechanisms for the opposition to exert oversight.

¶ 19. (SBU) There is little information on how many of Tymoshenko's offers Yanukovych agreed to, although Regions declined her offer to let Regions have deputy ministers in all ministries with responsibility for oversight. However, Yanukovych said that Regions would support the Tymoshenko Cabinet's government program if they included reforms proposed by Regions -- although he has been openly critical of Tymoshenko's proposal to base the government program on her campaign platform. To that end, Regions MPs Mykola Azarov and Iryna Akimova will be involved in drafting the government program, which Tymoshenko hope to have ready for a Rada vote soon.

¶ 10. (SBU) Yanukovych also announced that Regions has prepared a draft constitution that would decentralize power, increasing the importance of regional governments and making governor an elected position. (Comment. A more decentralized government system would reduce the President and Rada's roles in dictating regional policies, giving Regions much greater control over its homebase of eastern and southern Ukraine. End comment.)

Shadow Cabinet Sits

¶ 11. (SBU) Regions also has formed a shadow government, which

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held its first meeting December 21. Press reported that the shadow ministers who participated could not clarify for journalists what the agenda was, although Yanukovych commented that their main goal is to monitor the actual government's work, express their views, and offer alternative policies. Lyovochkin said that they will meet regularly and will invite the press to all meetings. Most of the shadow ministers held the equivalent position in the Yanukovych government. Some notable changes include: MP Akimova, who runs Akhmetov's think tank at SCM, as shadow Economy Minister, Yanukovych foreign policy adviser Gryshchenko as shadow Foreign Minister, Lyovochkin as shadow head of the National Bank, and new Regions member Inna Bohoslovska as shadow head of the State Tax Administration.

Committees Finalized as Regions Gets Out of Way

¶ 12. (SBU) Regions also finally stopped blocking the committee assignments by turning in their candidates for all 27 committees and the standing commission on privatization after Yatsenyuk threatened to hold the vote on committee distribution without Regions' input. On December 25, the Speaker gave Regions until opening of business December 26 to

turn in its proposed committee assignments, which they complied with. The committees were then approved by 401 MPs.

Committee chairmanships are distributed on a proportional basis based on faction size, with deputy chairs coming from a different party than the chair. BYuT received 10 committees, Regions - 9, OU-PSD - 4, the Communists - 3, and Lytvyn Bloc - 2.

¶13. (C) The fact that Regions has fewer committee chairs than BYuT and the Communists one more than Lytvyn Bloc fuels rumors that Regions gave the Communists an extra committee in exchange for the choice of First Deputy Rada Speaker. Lytvyn Bloc got the Budget Committee, probably the most powerful committee in the Rada, a move some observers attribute to Tymoshenko trying to woo Lytvyn into the coalition. Former Defense Minister Anatoliy Hrytsenko will now chair the National Security and Defense Committee, which has in the past been a cooperative partner for the Embassy. The Communists got the special commission on privatization, the economic policy committee, and the anti-corruption committee -- none of which are traditional areas of Communist interest or expertise. Regions managed to hold on to three important committees -- Rules, Justice, which handles appointment of all judges, and Finance and Banking. The coalition split the difference on external relations, with BYuT chairing the Foreign Affairs Committee and OU-PSD chairing the EuroIntegration Committee.

¶14. (U) Visit Embassy Kyiv's classified website:
www.state.sgov.gov/p/eur/kiev.

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